GOVERNMENT OF ANDHRA PRADESH

ABSTRACT

ITE&C Department – Promotion Wing – Andhra Pradesh Semiconductor and Display Fab Policy (4.0) 2024-29-Orders-Issued.

INFORMATION TECHNOLOGY, ELECTRONICS & COMMUNICATIONS [ITE&C] (PROMOTION WING) DEPARTMENT

G.O.Ms.No.7 **Date:14.11.2024**

Read the following

1. GO Ms No.68 I&C (P&I) Department dated 26.10.2024
2. G.O.Ms.No.5, ITE&C Department(Promotions) , Dated: 30.10.2024
3. e- File No.ITC01-ELEC0ELEC(RMAT)/13/2024-PROMOTIONS – Semiconductor & Display Fab Policy from ITE&C (Promotion Wing) Department, Government of Andhra Pradesh.
4. G.A. (CABINET) DEPARTMENT U.O.No.231/2024, dated:8.11.2024

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ORDER

Vide reference-1 cited, considering the evolving needs of investors, climate change practitioners, and the necessity to create employment opportunities for the indigenous workforce, the State has brought the Andhra Pradesh Industrial Development Policy (4.0) 2024-29 and has also initiated the process of bringing various sectoral Policies, in alignment with the AP Industrial Development Policy (4.0) 2024-29.

2. In the reference 2, the Government of Andhra Pradesh (GoAP) introduced the Andhra Pradesh Electronics Manufacturing Policy (4.0) 2024-29, which seeks to attract investments in the white electronic goods, the brown electronic goods, the consumer durable electronic goods, and the consumer non-durable electronic goods. However, the Holy Grail for a thriving electronics industry remains the "Semiconductor fabrication (fab)" manufacturing ecosystem which supplies electronic circuit boards that forms the basis for every electronic good under the Sun. Silicon is the most commonly used semiconductor. The "Semiconductorfab" is a factory ecosystem for semiconductor wafer fabrication. The fab comprises of a "clean room" where the environment is minutely controlled, and machines for etching, doping, and dicing, and hence, expensive to build.

3. In view of the above reasons, the commercial production of Semiconductor fab plants in India is in the nascent stage. The GoAP has analyzed the nuanced linkages between the Semiconductor fab plants, and the electronics industry, and is keen to leverage the synergies, economies of scale, and economic of scope between the two sectors. To further strengthen the ecosystem and in alignment with the vision of the Government of India, the Department introduced the “Semiconductor and Display Fab Policy 4.0” for the period 2024-2029, which defines its vision and initiatives for building a comprehensive ecosystem for semiconductor and display manufacturing. This policy was crafted after a comprehensive bench marking exercise, where policies from other states were compared to ensure alignment with best practices and industry standards.

(P.T.O)

4. The remarks of the Finance Department were received in the e-File No: ITC01-ELEC0ELEC(RMAT)/13/2024-PROMOTIONS(C.No.2609901).The Finance Department observed that *"...the Semiconductor industry is an emerging filed and in order for the State of Andhra Pradesh to have the Early Bird advantage there is a need for the semiconductor policy to be the best attractive for the investors"*. Further after examining the proposal, the Finance Department emphasized that the "*Financial provision has to be taken up by Andhra Pradesh Industrial Infrastructure Corporation (APIIC), in view of fiscal stress*".

5. Hence, the Government, after careful examination of the proposal, hereby accords approval of the Andhra Pradesh Semiconductor and Display Fab Policy (4.0) 2024-29. The Policy Document, enclosed in the Annexure, is appended to this order. This policy aims to attract investments in semiconductor and display fabrication, with an additional focus on outsourced assembly and test (OSAT), assembling, testing, marking, and packing (ATMP), semiconductor fabrication,and other emerging sub-sectors to foster a self-sustaining semiconductor ecosystem. To capitalize on the existing ecosystem and attract investments flowing into India, the GoAP has crafted a forward-looking policy designed to attract large-scale investments and create high end direct employment over the next 5 to 10 years and drive sector growth.

6. This Policy shall be valid for a period of five (5) years from the date of the policy notification, or till a new Policy is announced, whichever is later. The policy may be amended and modified during implementation; however, all such amendments and modifications shall be applied prospectively and shall not curtail any benefit or concession already granted under the policy. The Government of Andhra Pradesh may extend the period of this Policy as required.

7. The Incentives mentioned in the policy will be extended to eligible Industries as per the operational guidelines to be notified separately. The ITE&C department shall take necessary action for implementing operating guidelines for this Policy.

8. This order is issued with the remarks and concurrence of the Finance (FMU-I&I, Energy and I&C) Department as mentioned above.

(BY ORDER AND IN THE NAME OF THE GOVERNOR OF ANDHRA PRADESH)

N.YUVARAJ
SECRETARY TO GOVERNMENT

To:

All the Departments of Secretariat

The Secretary to Govt., Industries & Commerce Department, Government of Andhra Pradesh

The Commissioner and I.G., Stamps and Registration

The Vice Chairman and Managing Director, APIIC, Mangalagiri

The Director, Industries & Commerce, Andhra Pradesh

The Commissioner, Information and Public Relations, Andhra Pradesh

(P.T.O)

The Member Secretary, A.P. Pollution Control Board, Andhra Pradesh

The Chairman & MD, AP TRANSCO

The Managing Director, APCPDCL/EPCPDCL /SPCPDCL

The Commissioner, Labour, Andhra Pradesh

The Vice Chairman, VUDA/TUDA/VGTMUDA

All the District Collectors & Magistrates, Andhra Pradesh

All the Municipal Commissioners, Andhra Pradesh

The Managing Director, APTS, Vijayawada

The Development Commissioner, VSEZ, Visakhapatnam

The Director, STPI, Andhra Pradesh

The Group CEO, APEITA

Copy to:

The Secretary, Ministry of Electronics & Information Technology (MeitY)
Government of India

The Chief Minister's Office, Government of Andhra Pradesh

The PS to Chief Secretary to Government of Andhra Pradesh

The PS to Prl. Finance Secretary, Government of Andhra Pradesh

The OSD to Minister for HRD, IT,E&C, RTGs, Government of Andhra Pradesh

The PS to Minister for Finance, Government of Andhra Pradesh

The PS to Minister for Revenue, Government of Andhra Pradesh

The PS to Minister for MA&UD, Government of Andhra Pradesh

The PS to Minister for Energy, Government of Andhra Pradesh

The PS to Minister for Labour, Government of Andhra Pradesh

The PS to Secretary Planning Department, Government of Andhra Pradesh

//FORWARDED :: BY ORDER//

SECTION OFFICER

Annexure

(Annexure to G.O.Ms.No. 7,ITE&C (Prom Wing) Dept., Dated: 14.11.2024)

Andhra Pradesh Semiconductor and Display Fab Policy (4.0) 2024-29

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1 PREAMBLE

1.1 BACKGROUND

a) For the past 5 decades, semiconductors have increasingly played a significant role in advancing technological capabilities for corporations, governments and had a transformative impact on every area of life. The world has also seen proliferation of capability across the value chain of semiconductor, with different parts of the world excelling in different parts of the value chain.

b) However, post Covid19, the world has seen considerable changes in global trade and realigning supply chains. Given the strategic importance of semiconductors, countries around the world are working to increase semiconductor design and manufacturing capacities in their geographies.

c) Under the leadership of the Honorable Prime Minister, Government of India, important initiatives are driving investments into this sector. In addition to the various schemes the Government of India has launched to encourage assembly and component manufacturing in India, the launch of the "Indian Semiconductor Mission marked a remarkable milestone in India's journey towards building an "Atmanirbhar Indian Semiconductor Industry".

d) *Post* the launch of this scheme, India has seen an influx of investments into the sector and has garnered tremendous interest from various semiconductor firms to expand their manufacturing base to India.

e) With the proliferation of electronic gadgets and appliances across various parts of life, the demand for electronics is only going to grow. Given that the semiconductor manufacturing capabilities are at nascent stages in India, there is a need for special attention to encourage investments in this sector.

f) Additionally, multiple component manufacturers also depend on semiconductor fabrications to build products such as printed circuit boards (PCBs), sensors, displays, optical devices, various accessories and components. To develop a cohesive ecosystem, encouragement of these sub sectors is also essential to attract the original equipment manufacturers (OEMs).

g) In this direction, the Government of Andhra Pradesh, has come up with the "Semiconductor and Display Fab Policy 4.0" to set forth its vision for development of the sector and the various initiatives it plans to undertake to nurture a holistic ecosystem.

1.2 GROWTH ENABLERS IN THE STATE

a) The State is renowned for its consistent performance in topping “Ease of Doing Business” rankings as ascertained by perception surveys from the industry groups.
b) The State has the following Government of India (GoI)- approved industrial corridors cutting across its length and breadth:
    i. Visakhapatnam Chennai Industrial Corridor;
    ii. Chennai Bengaluru Industrial Corridor; and
    iii. Hyderabad Bengaluru Industrial Corridor.
c) Export-oriented industrial ecosystem is enabled by major and non-major operating ports along its 975 km-long coastline.
d) Excellent industrial infrastructure with utility support for 24x7 power, water, renewable energy and other related infrastructure such as Inland container depots, container freight stations etc. is yet another enabler.
e) Investment zones falling in the nodes identified along the industrial corridors, cutting across districts such as Vishakhapatnam, Nellore – Tirupati, YSR Kadapa, Anantapur etc., have ready-to-move-in facilities such as developed land, road connectivity, common facility centers, waste management facilities, and multimodal logistic parks etc.

1.3 ANDHRA PRADESH ELECTRONICS & SEMICONDUCTOR MANUFACTURING ECOSYSTEM

a) Andhra Pradesh is one of the leading states for electronics manufacturing in India. The Electronics sector has attracted substantial investments and created large scale employment in the state.
b) The state is home to four (4) Electronic Manufacturing Clusters (EMC), hosting multiple electronics firms. The EMCs in Andhra Pradesh were able to attract global leaders in various segments of electronics manufacturing such as mobile phones, display, components, information technology (IT) Hardware, Consumer Electronics etc.
c) The Electronics Manufacturing Clusters in Andhra Pradesh are located on Vizag Chennai Industrial Corridor with Airports (Tirupati, Kadapa, Chennai), Seaports (Krishnapatnam, Ennore), Thermal Power Plants (RTPP, APGENCO etc), Water Storage Reservoirs and Canals (Somasila, KC Canal etc.) nearby. The road and rail connectivity are excellent as

these are located adjacent to National Highways. The Railway Network is also within 20 km.

2 POLICY PERIOD & APPLICABILITY

2.1 POLICY PERIOD

a) This Policy shall be valid for a period of 5 years from the date of the policy notification, or till a new Policy is announced.

b) The policy may be amended and modified during implementation; however, all such amendments and modifications shall be applied prospectively and shall not curtail any benefit or concession already granted under the policy.

c) The Government of Andhra Pradesh may extend the period of this Policy as and when required. The Policy shall be applicable to the territory contained within the geographical boundaries of the Andhra Pradesh State and shall give direction to boost electronics ecosystem development in the State.

2.2 APPLICABILITY

This policy shall be applicable to the following categories of enterprise(s) and investment(s):

a) New and existing enterprises investing and establishing new units.

b) Existing enterprises investing in expansion/diversification of units.

3 POLICY FRAMEWORK

3.1 VISION

The Government of Andhra Pradesh envisions to support end-to-end value chain of the Semiconductor fabrication ecosystem, thereby enabling Andhra Pradesh to emerge as a production hub for the next-generation technology devices.

3.2 OBJECTIVES

a. Attract investments from major Semiconductor fabrication (fab) and Display fab firms into the state

b. Attract investments in outsourced semiconductor assembly testing (OSAT), assembly testing, marking and packaging (ATMP), Compound Semiconductor fab and other emerging sub-sectors to create a self-sustaining semiconductor ecosystem.

4 FINANCIAL INCENTIVES

4.1 SUBSIDY FOR PROJECTS APPROVED UNDER INDIA SEMICONDUCTOR MISSION (ISM) SCHEME

a) **Capital Subsidy**: for Projects which are approved under the Government of India- ISM Scheme, Government of Andhra Pradesh shall give 60 percent (%) of incentive amount approved by Government of India, limited to a maximum of 30% of total approved project cost by the GoI. This will be done on *pari-pasu* basis post disbursement of incentive tranche from Government of India.
b) **Training Subsidy**: Rs 10,000 per person, per month, for 6 months, to be disbursed post date of commercial production.

4.2 INCENTIVES FOR PROJECTS NOT APPROVED UNDER INDIA SEMICONDUCTOR MISSION (ISM) SCHEME

a) Projects which are not approved under the Government of India will be eligible for incentives under the Andhra Pradesh Industrial Development Policy issued vide GO 68 dated 26-10-2024 or AP Electronics Manufacturing Policy Policy issued vide GO.5 dated 30-10-2024, as the case may be.
b) The project will also be eligible for Rs 3 per unit power subsidy, for a period of 5 years, post the Date of commercial production.
c) The proposal will be taken up for approval after due process by the Government of Andhra Pradesh.

4.3 TAILOR MADE INCENTIVES FOR MEGA AND ULTRA MEGA PROJECTS

a) Projects with the following committed fixed capital investment (including land, building, plant, machinery & equipment) size will be categorized as Mega and Ultra Mega:

Project category	Investment Size
Mega	Above Indian Rupees (INR) 1,000 Crores up to INR 5,000 Crores
Ultra Mega	Above INR 5,000 Crores

b) **Tailor made benefits:** The Government of Andhra Pradesh will extend tailor-made benefits to mega and ultra-mega projects to suit particular investment requirements on a case-to-case basis based on the gestation period, pioneering nature, locational aspects, technology, project's importance to the state's industrial growth and its ability to generate large scale employment for people or revenues for the state.

c) The benefits will be extended after considering various parameters of the proposal after due process by the Government of Andhra Pradesh.

5 KEY INTERVENTIONS FOR THE SECTOR

5.1 INFRASTRUCTURE

In order to fast track development of infrastructure, while also ensuring that it meets global standards, the following infrastructure will be developed in Public Private Partnership (PPP) mode with viability gap funding provision

a) Industrial quality Clean rooms
b) Dedicated Free Trade Warehouse Zone
c) Industrial Water supply, Storm water Drains, Roads
d) Uninterrupted Power supply, with zero power fluctuation
e) Semiconductor Testing Facility
f) Dormitories, conference rooms and other living and recreational facilities for employees and executives
g) Mining lease as per the proposal received by the project proponent and the current rules in vogue.

The developers of parks with common facility centers specific to semiconductors and electronics can claim incentives under "AP Policy or establishment of private Industrial Parks with Plug and Play" notified vide GO 67 dated 26-10-2024.

5.2 DEVELOPMENT OF TALENT

a) A research and development (R&D) hub for Electronics System Design and research will be developed in Visakhapatnam.
b) Specially curated curriculum in Universities in Andhra Pradesh will be encouraged, in consultation with the industry association, to suit high-quality talent needs across the value chain, from design, validation, packaging to assembly and quality testing.
c) Grants to Universities in the State of Andhra Pradesh will be dovetailed with Government of India schemes.

6 POLICY IMPLEMENTATION

6.1 STATE INVESTMENT PROMOTION BOARD (SIPB)

a) As per G.O. Ms. 73, dated 5th November, 2024, the SIPB has been reconstituted.
b) For creating an enabling structure to expedite decision making pertaining to investments, the SIPB is constituted with the Honorable Chief Minister as the Chairman and the Chief Secretary to the Government as Member Convener.
c) The SIPB shall meet regularly for taking final decision on investments/promotion activities and for approval of Mega projects.

6.2 STATE INVESTMENT PROMOTION COMMITTEE (SIPC)

a) As per G.O. Ms. 72, dated 5th November, 2024, the SIPC has been reconstituted.
b) On case-to-case basis, SIPC shall advice SIPB on any changes, amendments, and recommendations for tailor made incentives for eligible investment proposals. However, the final decision to approve any change will rest with the SIPB.
c) On case-to-case basis, SIPC shall advice SIPB on any changes and amendments.

6.3 CONSULTATIVE COMMITTEE FOR INFORMATION TECHNOLOGY & ELECTRONICS INDUSTRIES (CCITEI)

a) The CCITEI constituted under G.O.Ms.No. 4 dated 01.04.2021 will be suitably modified and used for implementation of various policies and specific issues related to the IT/ITeS/Electronics investments.

b) The CCITEI will consist of representatives from both Government as well as Industry, which will enable faster decision making and rapid disbursement of incentives.

6.4 OPERATING GUIDELINES

The operating guidelines for this policy will be issued separately detailing the definitions of various terminologies and procedures for availing incentives under this policy.

N.YUVARAJ
SECRETARY TO GOVERNMENT